

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT
NASHVILLE, TENNESSEE**

February 19, 2004

IN RE:)	
)	
APPLICATION FOR CONSENT TO THE)	DOCKET NO.
TRANSFER OF CONTROL OF LECSTAR)	03-00650
TELECOM, INC.)	

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before Chairman Deborah Taylor Tate, Director Pat Miller, and Director Sara Kyle of the Tennessee Regulatory Authority (the “TRA” or “Authority”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on January 26, 2004 for consideration of the Application of LTEL Acquisition Corporation (“LTEL Acquisition”) for TRA approval of a transfer of authority to provide telecommunications services required under Tenn. Code Ann § 65-4-113.

Tenn. Code Ann. § 65-4-113

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain TRA approval to transfer its authority to provide utility services (also known as a “certificate of public convenience and necessity” or “CCN”) Tenn. Code Ann § 65-4-113(a) reads as follows:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority

Tenn Code Ann § 65-4-113(b) provides the standards by which the TRA shall consider an application for transfer of authority, in pertinent part, as follows

Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer.

The Application

In the Application, which was filed with the TRA on December 30, 2003, the Parties outline a transaction in which ownership of LTEL Holdings Corporation (“LTEL”) and its subsidiary LecStar Telecom, Inc (“LecStar”) will be transferred to LTEL Acquisition through the purchase of all the outstanding stock of LTEL. As a result of the transaction, LTEL Acquisition will become the new parent company of both LTEL and LecStar, but immediate ownership of LecStar will remain with LTEL. LecStar will continue to be the direct holder of the CCN granted to it by the TRA on July 19, 2000 in Docket No. 00-00353¹ and will still be the actual provider of telecommunications service; however, LTEL Acquisition will become the ultimate owner of the CCN. Because the transaction will result in a *pro forma* transfer of LecStar’s CCN, the Parties are seeking TRA approval. According to the Application, the transaction should be seamless to the customers of LecStar as there will be no change in rates, terms or conditions of service but will benefit these customers by strengthening the financial status of LTEL, thereby, enhancing the ability of LecStar to offer a broad range of products and services.

¹ The CCN was granted to Empire Telecom Services, Inc which changed its name to LecStar Telecom, Inc in TRA Docket No. 00-00843

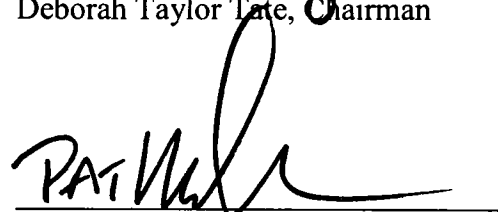
January 26, 2004 Authority Conference

At the January 26, 2004 Authority Conference, the Directors voted unanimously to approve the Application.

IT IS THEREFORE ORDERED THAT:

The proposed *pro forma* transfer of LecStar's Tennessee CCN as described in the Application and discussed herein is approved.


Deborah Taylor Tate, Chairman


Pat Miller, Director


Sara Kyle, Director